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4 THIS EXCLUSIVE BOTTLING AND DISTRIBUTION AGREEMENT (this "Agreement")
5 effective as of June 1, 2007 (the "Effective Date"), is made and entered into by and between
6 ROYAL SIGNATURE INC., AVENIDA BALBOA, CENTRO COMERCIAL PLAZA
7 PAITILLA, OFICINA 61 A, PRIMER ALTO PANAMA, PANAMA a corporation organized
8 and existing under the laws of Panama (the "Company"), and BROOKLYN BOTTLING OF
9 MILTON, NEW YORK, INC., a corporation organized and existing under the laws of the State
10 of New York, having its principal place of business in Brooklyn, New York (the "Bottler").
11
12 WITNESSETH:
13
14 WHEREAS
15 A. The Company manufactures and sells the concentrates (the "Concentrates") for the
16 manufacture of finished beverage products identified or described as "Beverages" on
17 Schedule A (the "Beverages").
18
19 B. The Company is the owner or authorized licensee of the trademarks identified on Schedule
20 B (together with such other trademarks as may be authorized by the Company from time to
21 time for current use by the Bottler under this Agreement, the "Trademarks"), which, among
22 other things, identify and distinguish the Beverages;
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25 C. The reputation of the Beverages as being of consistently superior quality has been a major
26 factor in stimulating and sustaining demand for the Beverages, and special technical skill
27 and constant diligence on the part of the Bottler and the Company are required in order for
28 the Beverages to maintain the excellence that consumers expect; and
29
30 D. The Bottler wishes to manufacture, distribute and sell the Beverages in the Territories set
31 forth in Schedule C on an exclusive basis, subject to the provisions herein.
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33 NOW, THEREFORE, for and in consideration of the mutual covenants contained herein,
34 and other good and valuable consideration, the receipt and sufficiency of which are hereby
35 acknowledged, the Company and the Bottler agree as follows:
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38 ARTICLE I
39 The Authorization
40 1. a) The Company authorizes the Bottler, and the Bottler undertakes to manufacture, package,
41 distribute and sell the Beverages under the Trademarks in and throughout the Territories
42 (as hereinafter defined).
43
44 b) The Company appoints the Bottler as its sole and exclusive purchaser of the Concentrates
45 for the purpose of manufacturing, packaging, distributing and selling the Beverages in the
Territories.

46 packages approved by the Company under the Trademarks in the Territories. The
 47 Company further appoints Bottler as the sole and exclusive manufacturer, packager,
 48 distributor and seller of the Beverages in the Territories, including any brand extensions
 49 or other beverage products introduced for sale into the Territories by the Company; and
 50 on a non-exclusive basis in Territories indicated as such on Schedule C.

51
 52 c) "Territories" means each of the sub-territories identified on Schedule C.
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54 **ARTICLE II**
 55 **Obligations of Bottler**
 56 **Relating to Trademarks and Other Matters**

57 2. The Bottler acknowledges and agrees not to question or dispute the validity of the
 58 Trademarks or their exclusive ownership by the Company. By this Agreement, the Company
 59 grants to the Bottler an exclusive license to use the Trademarks solely in connection with the
 60 manufacture, packaging, marketing, distribution and sale of the Beverages in the Territories.
 61 The Company represents and warrants that it possesses all rights in the licensed Trademarks
 62 to grant Bottler the license(s) granted herein. Nothing herein, nor any act or failure to act by
 63 the Bottler or the Company, shall give the Bottler any proprietary or ownership interest of
 64 any kind in the Trademarks or in the goodwill associated therewith. The Bottler
 65 acknowledges that several other bottlers and/or sellers have been using the Trademarks
 66 without the consent of the Company, and as a result the Company may have waived some or
 67 all of the rights in the Trademarks or be stopped from asserting them against such other
 68 users.
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 71 **ARTICLE III**
 72 **Obligations of Bottler Relating to**
 73 **Manufacture and Packaging of the Beverages**

74 3. The Bottler represents and warrants that Bottler currently possesses, and will maintain
 75 during the term of this Agreement, such plant or plants, machinery and equipment, trained
 76 staff, and distribution facilities as are capable of manufacturing, packaging and distributing
 77 the Beverages in accordance with this Agreement, in compliance with all applicable
 78 material governmental and administrative requirements, and in sufficient quantities to fully
 79 meet the anticipated demand for the Beverages in the Territories,
 80
 81 4. The Bottler recognizes that increases in the demand for the Beverages, as well as changes in
 82 the packaging used for the Beverages, may, from time to time, require adaptation of its
 83 existing manufacturing, packaging or delivery equipment or the purchase of additional
 84 manufacturing, packaging and delivery equipment. The Bottler agrees to make such
 85 reasonable modifications and adaptations as Bottler and the Company agree are necessary to
 86 maintain quality standards and to fully meet the demand for the Beverages in the Territories.
 87 Notwithstanding anything herein to the contrary, the Bottler shall not be required to use any
 88 new packaging for Beverages or undertake capital improvements unless the Bottler in its
 89 discretion approves such new packaging or capital improvements. X
 90

b) The Company shall deliver the concentrate FOB as defined in Incoterms 2000, to the international carrier in Ecuador. Title to the Concentrate and risk of loss shall pass to the Bottler upon delivery to the international carrier. The Bottler shall be responsible for loading the Concentrate on the international carrier's transport, if required by the international carrier. All other costs of transfer to the Bottler's plant including, without limitation, freight, insurance, transfer, shall be arranged by the Bottler.

11.

a) The Company agrees not to directly or indirectly sell any Beverages in the Territories to anyone other than the Bottler and further, not to authorize any other bottlers or distributors of Beverages in the Territories so long as this Agreement is in effect. The Bottler shall not knowingly distribute or sell any Beverages to any person for ultimate sale outside the Territories. The Company shall not knowingly distribute or sell or permit any of its other distributors, bottlers or co-packers to distribute or sell any Beverages to any person in, or for ultimate sale in the Territories. For the purposes of this paragraph, and in the instance of a customer reselling the Beverages for eventual



270 *(6)* **Y** sale outside of the Territories or other indirect sales (not by Bottler), the Bottler shall
271 not be considered to have knowingly transshipped the Beverages unless (i) the
272 Company or another party shall have provided Bottler with notice that such customer is
273 reselling the Beverages outside of the Territories and (ii) the actual Beverages that are
274 the subject of such transshipment were sold by Bottler to such customer after Bottler
275 received notice that such customer was reselling the Beverages outside of the
276 Territories; provided, further that under no circumstances shall multiple resales outside
277 of the Territories by a customer of Bottler be deemed to constitute more than one
278 knowing transshipment by Bottler. If within any calendar year more than one hundred
279 physical (100) cases of any Beverages distributed by any party (for this purpose, any
280 Beverage distributed or sold by any person other than Bottler), in violation of this
281 paragraph, then such party shall be deemed to have transshipped such Beverages and
282 shall be deemed to be a "Transshipping Bottler" for purposes hereof. For purposes of
283 this Agreement, "Offended Bottler" shall mean the Company or the Bottler, as the case
284 may be, into whose territory (as such term is used above in this paragraph 11(a)) the
285 other is deemed to have transshipped any Beverages under this paragraph 11(a).

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287 b) The Offended Bottler may impose upon the Transshipping Bottler a charge for each 12
288 oz. unit of Beverages transshipped by such Transshipping Bottler. The initial unit
289 amount of such transship charge shall be \$6.50 per 288 oz. case. Any adjustments to
290 this amount shall be determined by the Company in its sole discretion and it shall give
291 the Bottler at least 30 days advance written notice before such change becomes
292 effective, provided, however that any increases shall not exceed the cumulative CPI
293 increase since the date the then current tranship charge was set. The Company and the
294 Bottler agree that the amount of such charge shall be deemed to reflect the damages to
295 the Offended Bottler. In addition the Offended Bottler may directly charge the
296 Transshipping Bottler the full amount of all reasonable investigative and other costs
297 incurred in connection with the transshipment and such Transshipping Bottler shall be
298 obligated to pay such amount. If the Company or its agent recalls any Beverage which
299 has been transshipped the Transshipping Bottler shall in addition to any other
300 obligation it may have hereunder (but without duplication of its obligations under
301 paragraph 7(c) reimburse the Company for its costs of purchasing, transporting, and/or
302 destroying such Beverage.

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304 c) The Company agrees that the procedures and penalties for transshipping set forth herein
305 do and shall apply to all other bottlers and distributors of the Beverages and will be
306 enforced by the Company so as to entitle Bottler to the same protections in the event
307 Beverages sold by a third party are transshipped into the Territories and to discourage
308 any transshipping by other bottlers and distributors. The Company and the Bottler will
309 give each other notice of any suspected transshipping and will cooperate in taking
310 appropriate commercially reasonable measures to try to reduce or eliminate
311 transshipping to the extent practicable. *(6)*

d) The Company shall implement a system to cause the labels on packages for Beverages to identify the distributor of that Beverage so as to enable the parties to effectively monitor and detect transshipping.

ARTICLE VI
Obligations of the Bottler
Relating to the Marketing of the Beverages
Financial Capacity and Planning

12. a) The Bottler shall fully cooperate in all cooperative advertising and sales promotion programs and campaigns that may be reasonably established by the Company for the Territories. The Bottler will use and publish only such advertising promotional materials or other items bearing the Trademarks relating to the Beverages as the Company has approved and authorized. Unless the Company agrees in advance, Bottler's annual advertising and marketing spending related to promotion and sale of the Beverages shall be not less than two (2%) percent of Bottler's gross annual sales of the Beverages for the preceding calendar year and notwithstanding anything in this Agreement to the contrary, the Bottler shall not be required to spend more than such amount. The Company may in its sole discretion, contribute to such expenditures. The Company may also undertake, at its expense and independently of the Bottler's marketing programs, any advertising or promotional activity that the Company deems appropriate to conduct in the Territories, but this shall in no way diminish Bottler's responsibility for promoting the sale of the Beverages in the Territories.

b) The Company agrees, at the Bottler's request, to assist the Bottler's promotional efforts relating to the Beverages by assisting the Bottler in locating and purchasing, at Bottler's expense, Ecuadorian hats, shirts, and other promotional items.

ARTICLE VII

Reformulation, New Products and Related Matters

13. The Company has the sole and exclusive right and discretion to reformulate any of the Beverages. In addition, the Company has the sole and exclusive right and discretion to discontinue any of the Beverages under this Agreement. In the event that the Company discontinues any Beverage, Schedules A and F to this Agreement shall be deemed amended and the minimum volume requirements for the category of Beverages on Schedule F in which that discontinued Beverage is included shall be equitably adjusted to take into account the discontinuation of such Beverages.

ARTICLE VIII